

**HOWARD COUNTY POLICE AND FIRE EMPLOYEES' RETIREMENT PLAN
HOWARD COUNTY RETIREMENT PLAN**

**JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES
February 27, 2020**

A joint meeting of the Retirement Plan Committees for the Howard County Police and Fire Employees' Retirement Plan (the "Police and Fire Plan") and the Howard County Retirement Plan (the "Employees Plan") (jointly, the "Plans") was held on Thursday, February 27, 2020 at 9:00 a.m. in the Columbia/Ellicott City Room at the George Howard Building, 3430 Court House Drive, Ellicott City, Maryland.

Police and Fire Plan:

Members Present:

Human Resources Administrator: Wanda Hutchinson
Chief Administrative Officer: Lonnie Robbins
Director of Finance: Janet Irvin
Budget Administrator: Holly Sun
Representative, Police Department Supervisory Employees:
 Jason Luckenbaugh (Voting Member in Fiscal Year 2020)
Representative, Fire and Rescue Supervisory Employees:
 Vincent Baker (Non-Voting Member in Fiscal Year 2020)
Representative, Howard County Police Officers' Association, Lodge 21:
 Nicolas Holocker
Representative, International Association of Firefighters, Local 2000:
 Richard Ruehl

Members Absent

None

Employees Plan:

Members Present:

Human Resources Administrator: Wanda Hutchinson
Chief Administrative Officer Designee: John Peterson
Director of Finance Designee: Deputy Director of Finance: Angie Price
Budget Administrator Designee: Janssen Evelyn
Employee Representative: Jeff Bronow
Representative, American Federation of State, County and
 Municipal Employees Local 3080: Melanie Avery
Representative, American Federation of State, County and Municipal
 Employees Local 3085: Dale R. Chase

Members Absent

None

Also present for all or a portion of the meeting were:

Lori Buchman, Department of Finance
Sima Taghavi, Department of Finance
Margaret Belmondo, New England Pension Consultants (NEPC)
Will Forde, New England Pension Consultants (NEPC)
Paul W. Madden, Whiteford, Taylor & Preston L.L.P.
Scott Southern, Assistant Retirement Coordinator
Sherita Tyler, President of Local 3080

Wanda Hutchinson acted as Chair of the meeting and Paul Madden acted as secretary. Wanda welcomed Melanie Avery to the Committee. Melanie replaces Kim Drennon as representative of AFSCME Local 3080. Wanda also welcomed Sherita Tyler, President of Local 3080 who was in attendance.

The members of each Committee unanimously approved the minutes of the January 23, 2020 meeting.

Next, Sima Taghavi reported on the Statement of Revenues and Expenses, Budget vs. Actual, as of December 31, 2019 for the Employees Plan. Sima noted that operating revenues were substantially ahead of budget because investment income was significantly higher than the budget. On the expense side, all expenses are expected to be in line with budget by the end of the fiscal year. The fiduciary net position for the Employees Plan is \$500 million as of December 31, 2019.

Sima made similar observations for the Police and Fire Plan. The fiduciary net position for the Police and Fire Plan is \$656.5 million as of December 31.

Next, Margaret Belmondo provided the January 2020 Flash Report and updated the Fund's performance through February. Margaret noted that the Dow Jones industrial average was down 8.1% over four days. NEPC expects additional sell off in the short term but expects a bounce-back.

Next, Will Forde presented the total fund performance for the fourth quarter. Will noted that the Plan gained 5.1% (gross) in the fourth quarter. The quarterly return ranked ahead of the median in the 44th percentile of the public defined benefit peer group. Active management added 70 basis points to fourth quarter performance and

100 basis points to fiscal year to date performance. For the trailing one year, the fund was up 16.9%, which was above the median public fund, which returned 16.7%.

Large cap equity contributed 10.4% for the quarter, ranking in the 15th percentile. On the other hand, small and mid-cap equity gained 5.6%, which underperformed the Russell 2500 benchmark. The fixed income composite gained 1.3% for the fourth quarter, outperforming the Barclays Aggregate by 110 basis points.

Will noted that he had received a communication from a member of the Pension Oversight Commission with respect the Fund's 5% allocation to private debt. The POC member asked how the RPC and NEPC define private debt (i.e., distressed debt or direct lending) for purposes of asset allocation.

Will drew the Committees' attention to the chart that shows the returns for the indexes ranked in order of performance as of December 31, 2019. For the 2019 calendar year, all indexes performed very well, with the Russell 1000 Growth index (36.39%) heading list and the Barclays Aggregate (8.72%) having the lowest annual performance. Will noted that LSV had very strong performance in the fourth quarter as did fixed income. There are no major concerns at this time; however, NEPC may revisit the role of an emerging market value allocation in the portfolio. Will noted that the private equity composite returned 17.45% for the calendar year.

Margaret Belmondo noted that Vista awarded the Howard County Master Trust the full requested commitment of \$10 million.

There being no further business, the meeting adjourned.

Respectfully submitted,

Paul Madden

Paul W. Madden
Secretary of the Meeting

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**EXHIBITS
TO
MINUTES OF HOWARD COUNTY POLICE AND FIRE EMPLOYEES' RETIREMENT
PLAN
AND HOWARD COUNTY RETIREMENT PLAN
JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES
February 27, 2020**

1. Statement of Revenues and Expenses, Budget vs. Actual as of December 31, 2019 for the Howard County Retirement Plan
2. Statement of Revenues and Expenses, Budget vs. Actual as of December 31, 2019 for the Howard County Police and Fire Retirement Plan
3. NEPC Meeting Materials:
 - January Flash Report
 - Quarterly Performance Review